

Safeguard Security Holdings, Inc.
Quarterly Report for Period Ending March 31st, 2011

Part A: General Company Information

Item 1: The exact name of the issuer and its predecessor

Safeguard Security Holdings, Inc.

Originally incorporated on November 25, 1983 in the State of Louisiana as Diversified Funds, Inc. In October, 2001, the Company became domiciled in the state of Nevada. In January, 2002, the name was from Diversified Funds, Inc. to Masterlink Communications, Inc. In December, 2003 the name was changed to IQue Intellectual Properties, Inc. In January, 2005, the name was changed again to Safeguard Security Holdings, Inc.

The address of the issuer's principal executive offices.

Safeguard Security Holdings, Inc.
4801 Spring Valley Road, Suite 125
Dallas, Texas 75244

Phone: (214) 922-9040
Fax: (214) 393-6997
Website: www.safeguardsecurityholdings.com
E-Mail: michael.lagow@sshsmail.com

Item 2: Shares Outstanding

SSHS is currently authorized, by an Amendment to the Articles of Incorporation of the Company dated March 17th, 2011, to issue 6,000,000,000 shares of common stock, par value \$0.0001.

As of March 31, 2011 there were:

- 3,674,035,489 common shares issued and outstanding.
- 133 common shareholders of record
- 2,825,491,504 freely tradable common shares.

- 2500 Series A Preferred shares issued and outstanding.
- 1 Series A Preferred shareholder of record.

- 100,000 Series M Preferred shares issued and outstanding.
- 3 Series M Preferred shareholders of record.

Item 3: Interim Financial Statements

The interim Financial Statements, including a consolidated balance sheet, consolidated income statement and consolidated statement of stockholders equity to March 31, 2011 has been previously posted and can be found at: <http://www.otcmarkets.com/stock/SSHS/financials>

Item 4: Management's Discussion and Analysis or Plan of Operation

The Company has listed its operations under the following subsidiary companies and trade names: Safeguard Security Holdings, Inc.; Acquient Security Consulting, Inc.; Premier Background Search, Inc.; SGI Protective Services; SEARCHglobal, Inc.; Secure Concepts International, Inc.; SYSTEMSgroup, Inc; SYSTEMSgroup Protective Services; SYSTEMSgroup Technologies and SYSTEMSgroup Global.

For the year ending June 30th, 2009, the Company had revenue of over \$11,500,000, with gross margins of 15.78%. However, the Company had a net loss of just over \$200,000 for this period. Management attempted to rationalize operations by curtailing its technology segment operated through Systems Group Security Resources, specifically by closing the Houston, Texas operations and reducing the size of the Dallas operations. This action taken by management dropped revenues by approximately \$1.5 million in the following year, but did not get the cost savings anticipated as current management realized the gross margins dropped to 12.03%. In addition, the net loss for the following year ending June 30th, 2010 increased to just under \$1.5 million. Current management recognized this issue and has now actively expanded the Dallas operations by supporting its large technology clients. This action has improved both revenues and gross margins while reducing the overall operating losses. For the nine (9) months ending March 31, 2011, revenues were growing and the Company reported \$7,263,992 in gross revenue and gross margins of 17.36%. Net loss for this period was reduced to \$1,070,000. If annualized this is an increase in revenue of more than seven (7%) over the previous year, with a corresponding increase in Gross Margin of more than five (5%). While the business is growing and gross margins improved significantly, in order to fund new business the Company has entered into various financing arrangements wherein the interest expense has been a significant cost and has seriously impacted the company's net earnings (loss). In order to fund the growth the Company entered into new financing arrangements and for the nine months ended March 31, 2011, the interest expense alone was \$620,000. Traditional financing of the required amounts should have been approximately \$425,000 less. To this end, the Company is actively pursuing significantly better financing arrangements which, if achieved, will bring the Company to profitability for the first time in many years. In addition, significant new contracts have been entered in the first quarter of 2011, which could double the size of the business in a very short time. Other significant potential contracts require the Company obtaining new funding in order to afford the set up expenses as required. In addition to the significant increase in the Company's core security businesses, the Company has recently entered the Armored Car Marketing sector which enhances the existing core business. In particular, the proximity of the

Company's Texas operations to Mexico has seen a commitment from various levels of governments and wealthy individuals in Mexico for the armor products that the company represents. New fund raising activities include Mezzanine lenders as well as various Rule 504 placements. With this additional financing, Management is optimistic that significant growth lies ahead, with gross margins increasing concurrently, placing the Company into a positive net income position for the first time in many years.

Item 5: Legal Proceedings

The Company does not have any legal proceedings currently pending, although its main operating subsidiary, Systems Group, Inc., has various pending actions that it is dealing with in the normal course of business. There are no current, past or pending trading suspensions by a securities regulator that the current board of directors are aware of.

Item 6: Defaults upon senior securities

There have not been any default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer.

No payment of dividend has occurred or is expected in the immediate future. There has not been any material delinquency by the issuer with respect to any class of preferred stock.

Item 7: Other Information

The following tables are a list of events that resulted in changes in total shares outstanding by the issuer between January 1, 2011 and March 31, 2011. These issuances represent the shares issued pursuant to the conversion of convertible debt instruments to equity or via a Rule 504 offering:

504 Fundings: State of Texas		Free Trading Shares Issued	Price per share	Amount Funded
Date	Entity			
28-Feb-11	TJ Management Group, LLC	227,272,727	\$0.00022	\$50,000.00
3-Mar-11	TJ Management Group, LLC	263,157,894	\$0.00019	\$50,000.00
10-Mar-11	TJ Management Group, LLC	333,333,333	\$0.00012	\$40,000.00

Item 8: Exhibits

N/A

Item 9: Issuer's Certification

I R. Michael Lagow, certify that:

1. I have reviewed this Quarterly Report of Safeguard Security Holdings, Inc. for the quarter ending March 31, 2011;

2. Based on my knowledge this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement and

3. Based on my knowledge the financial statements, and other financial information included or incorporated by reference in the disclosure statement fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: May 25, 2011

/s/ R. Michael Lagow, President